

Message Text

LIMITED OFFICIAL USE

PAGE 01 BELGRA 02309 251041 Z

63

ACTION EUR-25

INFO OCT-01 ADP-00 EB-11 COME-00 TRSE-00 NIC-01 OMB-01

CIAE-00 DODE-00 PM-07 H-02 INR-10 L-03 NSAE-00 NSC-10

PA-03 RSC-01 PRS-01 SS-15 USIA-12 INT-08 SAJ-01 RSR-01

/113 W

----- 035520

R 250923 Z MAY 73

FM AMEMBASSY BELGRADE

TO SECSTATE WASHDC 6293

INFO AMEMBASSY MOSCOW

USMISSION NATO BRUSSELS

AMCONSUL ZAGREB UNN

LIMITED OFFICIAL USE BELGRADE 2309

E. O. 11652: N/ A

TAGS: ECON, ETRD, PFOR, YO, UR

SUBJECT: MIXED SOVIET- YUGOSLAV ECONOMIC COMMITTEE TO MEET
IN MOSCOW JUNE 12

REF: A) BELGRADE 2206 B. BELGRADE A-266 (NOTAL) C. BELGRADE 1323
D. ZAGREB A-28

1. BEGIN SUMMARY. POLITIKA ARTICLE MAY 23 CARRIES FRANK OUTLINE OF DIFFICULTIES CONFRONTING JUNE 12 MEETING OF MIXED SOVIET- YUGOSLAV ECONOMIC COMMITTEE IN MOSCOW. ARTICLE BORDERS ON PESSIMISM IN DESCRIBING OBSTACLES TO TRADE, CREDIT DRAWDOWN BY YUGOSLAV FIRMS, YUGOSLAV CONSTRUCTION ACTIVITIES IN USSR, AND CO- PRODUCTION SCHEMES. UNDERLYING PROBLEM IS QUESTION OF PRICING EVENTUAL SOVIET DELIVERIES IN AFTERMATH DOLLAR DEVALUATION AND RUBLE REVALUATION. ARTICLE CONFIRMS EARLIER REPORT OF DIFFICULTIES OVER THIS ISSUE AND SUGGESTS THAT IT IS STILL UNRESOLVED. ARTICLE ALSO TENDS TO CONFIRM OUR IMPRESSION THAT YUGOSLAVS IN NO HURRY TO DRAW DOWN SOVIET CREDITS EXCEPT ON BEST POSSIBLE TERMS. END SUMMARY.

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 BELGRA 02309 251041 Z

2. BELGRADE POLITIKA MAY 23 CARRIES MOSCOW DATED LINE ARTICLE ANNOUNCING THAT TENTH SESSION OF ANNUAL YUGOSLAV- SOVIET MIXED ECONOMIC COMMITTEE WILL MEET JUNE 12 IN MOSCOW. MEETING WILL BE PRECEDED BY A WEEK OF DISCUSSIONS AMONG EXPERTS. YUGOSLAV DELEGATION WILL BE HEADED BY VICE- PREMIER JAKOV SIROTKOVIC AND SOVIET SIDE BY VICE- PREMIER VLADIMIR NOVIKOV.

3. ARTICLE REVIEWS PRESENT STATE OF YUGOSLAV- SOVIET RELATIONS IN REALISTIC TERMS BORDERING ON PESSIMISM. UPCOMING TALKS ARE CHARACTERIZED AS " VERY IMPORTANT" BUT " VERY COMPLICATED".

4. CONCERNING USE OF \$540 MILLION SOVIET CREDIT, ARTICLE STATES THAT ONLY THREE PROJECTS HAVE SO FAR REACHED " CONCLUDING PHASE OF NEGOTIATIONS." BEFORE ANY SUCH AGREEMENTS ARE CONCLUDED, ARTICLE CONTINUES, IT WILL BE NECESSARY TO SECURE LOCAL FINANCING, TO DECIDE ON DESIGNS AND TO REACH AGREEMENT ON PRICING OF EQUIPMENT TO BE DELIVERED BY SOVIETS. ON PRICING, ARTICLE RECALLS THAT WHEN OVERALL AGREEMENT REACHED IN NOVEMBER 1972, BOTH SIDES AGREED THAT WORLD PRICES WOULD BE " BASIC CRITERIA" FOR SUBSEQUENT ENTERPRISE- TO- ENTERPRISE AGREEMENTS. ARTICLE STATES, HOWEVER, THAT PROCESS OF SETTING THESE PRICES WILL BE " MORE COMPLICATED" IF SOVIETS DEMAND THAT LATEST DOLLAR DEVALUATION AND NOMINAL REVALUATION OF RUBLE BE INCORPORATED IN PROCESS.

5. ARTICLE ALSO NOTES THAT RATE OF GROWTH IN TRADE BETWEEN YUGOSLAVIA AND USSR IS SLOWER IN FIRST FOUR MONTHS OF 1973 THAN IN 1971 OR 1972. DEVALUATION OF DOLLAR AND REVALUATION OF RUBLE ALSO HELD RESPONSIBLE FOR THIS SLACKENED RATE OF GROWTH. EVENTUAL YUGOSLAV CONSTRUCTION OF HOTELS IN USSR ALSO DEPENDS " ABOVE ALL" ON PRICES. PROSPECTS FOR JOINT PRODUCTION PROJECTS ARE FLATLY CHARACTERIZED AS " NOT GREAT" AT PRESENT TIME.

6. ARTICLE CONCLUDES THAT WHILE COOPERATION BETWEEN YUGOSLAVIA AND USSR IS STEADILY INCREASING, IT " HAS NOT ACHIEVED A FULLY SATISFACTORY LEVEL OF EXPANSION."

7 COMMENT. FRANK PUBLIC DETAILING IN POLITIKA OF HURDLES TO BE FACED IN UPCOMING GOY- SOVIET ECONOMIC TALKS CONTRASTS MARKEDLY WITH SIROTKOVIC PUBLIC AND PRIVATE STATEMENTS ON PROSPECTS FOR WIDENING AND DEEPENING US- GOY BILATERAL RELATIONS. ARTICLE LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 BELGRA 02309 251041 Z

CONFIRMS EARLIER REPORT (REF C AND D) OF DIFFICULTIES IN IMPLEMENTING CREDIT ARRANGEMENT AS RESULT OF EXCHANGE RATE CHANGES. IT ALSO REINFORCES OUR IMPRESSION THAT GOY IN NO HURRY TO SEE THESE SOVIET CREDITS IMPLEMENTED UNLESS AND UNTIL TERMS ARE COMPLETELY TO ITS SATISFACTION (REF A).
TOON

LIMITED OFFICIAL USE
NMAFVVZCZ

*** Current Handling Restrictions *** n/a

*** Current Classification *** LIMITED OFFICIAL USE

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts:
Control Number: n/a
Copy: SINGLE
Draft Date: 25 MAY 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: boyleja
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973BELGRA02309
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: n/a
Errors: n/a
Film Number: n/a
From: BELGRADE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19730554/aaaajtpi.tel
Line Count: 117
Locator: TEXT ON-LINE
Office: ACTION EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 73 BELGRADE 2206 B. BELGRADE A-26, D.ZAGREB A-28
Review Action: RELEASED, APPROVED
Review Authority: boyleja
Review Comment: n/a
Review Content Flags:
Review Date: 20 AUG 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <20-Aug-2001 by boyleja>; APPROVED <19-Sep-2001 by boyleja>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: <DBA CORRECTED> gwr 980305
Subject: MIXED SOVIET- YUGOSLAV ECONOMIC COMMITTEE TO MEET IN MOSCOW JUNE 12
TAGS: ECON, ETRD, PFOR, UR, YO
To: EUR
MOSCOW
NATO BRUSSELS
SECSTATE WASHDC
ZAGREB
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

